

AMENDED IN SENATE MARCH 29, 2012

SENATE BILL

No. 1513

Introduced by Senator Negrete McLeod

February 24, 2012

An act to amend Section 11797 of the Insurance Code, relating to the State Compensation Insurance Fund.

LEGISLATIVE COUNSEL'S DIGEST

SB 1513, as amended, Negrete McLeod. State Compensation Insurance Fund: investments.

Existing law requires the board of directors of the State Compensation Insurance Fund to invest and reinvest, from time to time, all moneys in the State Compensation Insurance Fund in excess of current requirements in the same manner as is authorized in certain provisions applicable to private insurance carriers. Existing law prohibits the board from investing or reinvesting in certain investments, including real estate and call options on common stock.

This bill would expand the board's choice of investments of excess moneys by allowing the board to invest or reinvest in additional investments in the same manner as provided for private carriers, including, but not limited to, in the stock of certain corporations, specified mortgage-related investment instruments, and in the stock of a federal home loan bank. *The bill would restrict such investment or reinvestment to 20% of the moneys that are in excess of the admitted assets over the liabilities and required reserves for specified investments, including the stock of certain corporations, specified mortgage-related investment instruments, and in the stock of a federal home loan bank.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 11797 of the Insurance Code is amended to read:

11797. (a) The board of directors shall cause all moneys in the State Compensation Insurance Fund that are in excess of ~~current requirements~~ *the admitted assets over the liabilities and required reserves* to be invested and reinvested, from time to time, in the same manner as provided for private insurance carriers pursuant to Article 3 (commencing with Section 1170) and Article 4 (commencing with Section 1190) of Chapter 2 of Part 2 of Division 1, but excluding Sections 1191.1, 1191.5, 1192.2, 1192.7, 1192.9, 1192.95, 1194.8, 1194.81, 1194.82, 1194.85, and 1199. *Notwithstanding the foregoing, the State Compensation Insurance Fund may invest or reinvest an aggregated maximum of 20 percent of moneys that are in excess of the admitted assets over the liabilities and required reserves in the investments allowed pursuant to Sections 1191, 1192.4, 1192.6, 1192.10, 1194.7, and 1198.*

(b) (1) (A) Notwithstanding any other law, the State Compensation Insurance Fund may purchase general obligation bonds or other evidence of indebtedness issued by the state, including, but not limited to, warrants issued pursuant to Part 4 (commencing with Section 17000) of Division 4 of Title 2 of the Government Code or notes issued pursuant to Part 5 (commencing with Section 17300) of Division 4 of Title 2 of the Government Code, in any amount and to enter into purchase contracts with the state for this purpose.

(B) Notwithstanding any other law, the State Compensation Insurance Fund may purchase Property Assessed Clean Energy (PACE) bonds, as defined in Section 26104 of the Public Resources Code.

(2) The bonds or other evidence of indebtedness specified in paragraph (1), upon delivery to the State Compensation Insurance Fund, shall, for all purposes, be valid and binding obligations of the issuer thereof, be validly issued and outstanding in accordance with their stated terms, and not be deemed to be owned by or on behalf of the issuer thereof.

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